

SENATE BILL 2244
By Gilbert

AN ACT to amend Tennessee Code Annotated, Title 45, Chapter 13, Part 1, relative to the Tennessee Residential Lending, Brokerage and Servicing Act of 1988.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-13-102, is amended by adding the following new items to be appropriately designated:

() "Broker's agent" means a category of mortgage loan broker's license that is issued to individuals who broker mortgage loans exclusively to one (1) licensed mortgage loan broker, designated as a sponsoring broker, and who are not employees of such sponsoring broker;

() "Sponsoring broker" means a licensed mortgage loan broker who negotiates or arranges mortgage loans on behalf of a broker's agent and who provides indemnification of such broker's agent in order to protect borrowers from monetary damages which may be a result of doing business with a broker's agent;

SECTION 2. Tennessee Code Annotated, Title 45, Chapter 13, Part 1, is amended by adding a new section thereto, as follows:

(a) The applicant for a mortgagee loan broker license may apply for a broker's agent license subject to the following provisions:

(1) The applicant must be an individual; and

(2) The applicant must demonstrate to the satisfaction of the commissioner that the applicant solicits mortgage loan applications exclusively for one (1) licensed mortgage loan broker known as a sponsoring broker.

(b) The applicant shall be exempt from the capital requirements of Section 45-13-105(a)(2) by submitting proof satisfactory to the commissioner that no fees shall be accepted or collected from borrowers.

(c) The holder of a broker's agent license, if such agent uses advertising to solicit or obtain customers for such agent's mortgage loans brokerage business, may not advertise in such agent's name alone but shall advertise in such agent's name only in conjunction with the name of the sponsoring broker.

(d) The sponsoring broker shall enter into an indemnification agreement in a form provided by the commissioner to protect borrowers from any monetary damages which may result from doing business with a broker's agent.

(e) All applicable fees relative to mortgage loan broker licenses shall be prescribed by the commissioner by rule and regulation pursuant to Title 4, Chapter 5.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.